

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

Miyano Machinery USA Inc.,)	
)	
Plaintiff)	
)	Civil Action No. 08 C 526
v.)	
)	Hon. Virginia Kendall
MiyanoHitec Machinery, Inc.,)	
Thomas ("Tom") Miyano, a/k/a)	Magistrate Judge Nolan
Toshiharu Miyano and)	
Steven Miyano, a/k/a Shigemori)	
Miyano,)	<u>JURY TRIAL DEMANDED</u>
)	
Defendants)	

DECLARATION OF HENRY MARCHIONNE

Henry Marchionne deposes and states:

1. I am over 65 years old, currently employed as a Corporate Advisor for Miyano Machinery USA Inc. (herein after referred to as "Miyano USA"), and a member of its Board of Directors.
2. The statements contained in this Declaration are based on my personal knowledge, unless I indicate otherwise when making a statement.
3. It is my understanding that this Declaration is being submitted in connection with a lawsuit filed by Miyano USA against MiyanoHitec Machinery, Inc., Tom Miyano and Steven Miyano.
4. I first became familiar with Miyano products in 1964 while working for Dynamic Machine Co.
5. In 1975, I helped defendant Tom Miyano establish Miyano USA' predecessor.

6. I have worked at Miyano USA (or its predecessors) for 33 years in varying capacities.

7. In 1982, I became the General Manager of Miyano USA's predecessor, "Miyano Machinery U.S.A. Inc."

8. Between October 1992 and April 1996, I served as the President of Miyano USA (then known as "Miyano Machinery USA Inc.").

9. On April 5, 1996, I was named Chairman of the Board of Miyano USA (then known as "Miyano Machinery Inc."). This was the highest governing position within the company. I held this position until October 14, 2004. On that date, I was appointed to my current position of Corporate Advisor.

10. It is my understanding that Tom Miyano was the principal stockholder of Miyano USA and its parent company, Miyano Machinery Inc. ("Miyano-Japan"). Tom Miyano served as President of Miyano USA (or its predecessors) and held this position from 1996 until 2004. From 2004 until 2005, Tom Miyano was the Chairman of the Board of Miyano USA.

11. I have seen and am familiar with Tom Miyano's signature as a result of working with him for over 30 years. I recognize the signatures on pages 2, 6, and 8 of Exhibit A, on pages 2 and 4 of Exhibit B, and on pages 2 and 7 of Exhibit C as Tom Miyano's signature.

Background of Miyano-Japan and Miyano USA

12. Miyano Machinery Inc. ("Miyano-Japan") is the parent of Miyano USA and supplies lathes and other goods to Miyano USA. Miyano-Japan was established by Toshimori Miyano in 1929 in Japan as a manufacturer of precision industrial files. I understand that Miyano-Japan was located in Tokyo, Japan prior to World War II. After World War II, Miyano-

Japan moved to another location in Japan and began manufacturing spark/flint wheels for cigarette lighters. In 1948, Miyano-Japan developed automatic lathes to use in manufacturing this product. As the precision and quality of the lathes was recognized, Miyano-Japan ultimately began manufacturing machine tools. Miyano-Japan developed a variety of automatic lathes and has been a pioneer in the post-war development of automatic lathes. It is my understanding that Miyano-Japan first started exporting its machine tools in 1954. Since then, Miyano-Japan has enjoyed continued success and is now a world renowned manufacturer of machine tools and precision machining equipment, such as CNC (computer numerically controlled) lathes and turning centers.

13. Miyano USA is a wholly-owned subsidiary of Miyano-Japan. Miyano USA was established in 1975 in the Chicago area. Miyano USA is currently headquartered in Wood Dale, Illinois. Miyano USA is the importer and distributor of extremely high quality machine tools, such as CNC (computer numerical control) lathes, that are manufactured by Miyano-Japan. Miyano USA also provides parts and services for machine tools and design services to help clients develop automated manufacturing equipment and machine tools to meet their needs. In the past, Miyano USA (or its predecessors) has also manufactured machine tools for distribution both within the United States and throughout the world. Miyano USA currently imports, sells, and distributes CNC lathes, multi-axis turning machines, and drilling and tapping centers.

14. The machine tools manufactured and/or distributed by Miyano USA are of such high quality that many machines manufactured from the 1980's throughout the 1990's are still currently in use by Miyano USA's customers and by those that purchase the machines on the secondary market. As a result of the quality and durability of machine tools sold by Miyano

USA, there is a large secondary or “used” market for machined tools branded with Miyano USA’s trademarks and trade name.

Miyano USA’s Trade Name and Trademarks

15. Miyano USA has had several iterations of official names, all beginning with “Miyano Machinery,” including Miyano Machinery U.S.A. Inc., Miyano Machinery (U.S.A.) Inc., Miyano Machinery USA Inc., Miyano Machinery Inc., and Miyano Machinery USA Inc.

16. Miyano USA (or its predecessors) has consistently used the word “Miyano” to refer to itself and has been using the “Miyano” trade name in the United States since at least it was established in 1975 to promote its machines and services. Miyano USA has used its “Miyano” trade name on the side of its headquarters in Wood Dale, on machine tools sold by Miyano USA, on marketing literature, on press releases, on its website, on company checks, on other important company documents such as the employee handbook, on 3-ring binders used by the company, on awards given to distributors, on packing slips accompanying all company products, on invoices for parts, on envelopes, including envelopes for correspondence, at trade shows, and on shirts worn by employees and service personnel when performing company business including servicing the precision machine tools sold by the company.

17. Miyano USA believes that the “Miyano” name has become associated with Miyano USA and is a distinguishing symbol of Miyano USA’s products, services, goodwill and reputation.

18. Miyano USA (or its predecessors) registered with the U.S. Patent and Trademark Office its ownership of several trademarks for the non-stylized word mark MIYANO, the stylized word mark MIYANO, and the design mark of a winged letter “M” superimposed in a

triangle (the "Triangle Winged M trademark"). Miyano USA owns the various federal trademark registrations for these marks.

19. I understand that the Triangle Winged M trademark has been used by Miyano USA (or its predecessors) since at least 1981, when the trademark was registered with the United States Patent and Trademark Office. Miyano USA has used the Triangle Winged M on its brochures, on machine tools, on company checks, on employee handbook, on 3-ring binders, on invoices for machine tool parts, on invoices for services, on packing slips accompanying all company products, on awards given to distributors, on envelopes, and on envelopes for correspondence.

20. A true and correct copy (with the CT number, the bank account number, and routing number redacted) of a check displaying the Triangle Winged M mark, which I signed and was issued for official business of Miyano USA, is attached to this declaration as Exhibit D.

21. A true and correct picture of a pink binder displaying the Triangle Winged M mark is attached to this declaration as Exhibit E. Pink binders, such as the one shown in Exhibit E, have been used at distributor meetings to hand out Miyano USA's literature and information regarding Miyano USA's machine tools to distributors.

22. A true and correct picture of a blue polo shirt displaying the Triangle Winged M mark is attached to this declaration as Exhibit F. Shirts such as the one shown is worn by company representatives at trade shows and other events.

23. A true and correct picture of an envelope, which displays the Triangle Winged M mark and is used for official Miyano USA business, is attached to this declaration as Exhibit G.

24. A true and correct picture of a red binder, which displays the Triangle Winged M mark, is attached to this declaration as Exhibit H.

25. A true and correct copy of a packing slip prepared in connection with Miyano USA's business, a copy of which was included with a shipment of parts from Miyano USA, is attached to this declaration as Exhibit I. The packing slip prominently displays the Triangle Winged M as a watermark. The order date on the invoice shown in Exhibit I is January 26, 2007.

26. The Triangle Winged M mark also appears on white folders, used to hold brochures, flyers, and other information regarding Miyano USA's machine tools. These folders have been given out at trade shows and are also mailed to potential customers in response to inquiries regarding Miyano USA's current machine tool offerings. A true and correct picture of such a white folder displaying the Triangle Winged M mark is attached to this declaration as Exhibit J.

27. A true and correct copy (with redactions) of a company invoice, prepared in connection with rebuilding services performed by Miyano USA, is attached as Exhibit K. The Triangle Winged M service mark appears as a watermark on the invoice. The invoice shown in Exhibit K appears to have been prepared on June 26, 2003 in connection with the rebuilding of a Miyano USA's machine. The invoice indicates that the rebuilt machine was a BNC-34T lathe. This machine was marked with the Triangle Winged M. After the rebuilding, the machine was sold and shipped to new customer located in Sterling Hts., Michigan. Miyano USA has been rebuilding its machines for customers since 2000.

28. The Triangle Winged M mark is also on shirts worn by employees and service personnel when performing company business including servicing the precision machine tools sold by the company. Service personnel, wearing a uniform consisting of a shirt with the Triangle Winged M mark, travel to the customer's location to repair Miyano machine tools. At

the customer's location, Miyano USA's service personnel identify themselves as being from Miyano USA and proceed to repair the Miyano machine tools. Thereafter, the customer receives an invoice for the parts replaced and/or service performed.

29. Miyano USA, its parent company, or its predecessors have been traveling to customers' locations and repairing their machine tools since 1970. It has been Miyano USA's policy that service personnel wear their Miyano USA uniform, which includes a shirt with the Triangle Winged M mark, when performing repair and refurbishment services.

30. Miyano USA also has sold machine tools marked with the Triangle Winged M mark. For example, in May of 2002, Miyano USA sold to Capital Machinery (which later sold to Fordsell Machine Products in Michigan) a BNE-46S lathe which was marked with the Triangle Winged M.

31. Miyano USA believes that customers perceive its Triangle Winged M mark to be distinguishing of Miyano USA's goodwill, reputation, products and services.

Miyano USA's Sales and Advertising Associated With Its Trade Name and Trademarks

32. The "Miyano" trade name and associated trademarks and the Triangle Winged M mark and service mark are assets owned by Miyano USA. Miyano USA has expended substantial time, effort and resources over the past thirty-three (33) years to cause the public to associate its "Miyano" name and Triangle Winged M mark and service mark with its products and services.

33. Since 1975, Miyano USA has held a substantial share of the market in the area of machine tools and CNC lathes. According to some sources, Miyano held roughly 5 % of the market for new and used machines tools and equipment in 2007. According to some sources,

over the last three (3) years, Miyano USA as acquired approximately 4.7% of the market share for machine tools, including new and used machines tools. According to these sources, there are over 20 companies in this marketplace, with no one company holding more than 20% of the market share.

34. Miyano USA's sales in connection with the "Miyano" name and trademarks generated total revenues that averaged from \$18,000,000 to \$35,000,000 per year from 1997 to 2006. On average, services rendered in connection with the "Miyano" name and Triangle Winged M mark ranged from \$200,000 to \$540,000 per year over the same ten year period.

35. Miyano USA began advertising the "Miyano" name to the public beginning in 1975. Miyano USA has spent millions of dollars over the last three decades advertising and promoting its products and services to the public. Miyano USA actively advertises in national magazines such as *Production Machining*, *Manufacturing Engineering*, *Today's Medical Development*, *Aerospace Manufacturing & Design*, and *Today's Manufacturing World*. In 2007, Miyano USA spent roughly \$100,000 in connection with the advertising and promoting of its products in these national magazines. The advertisements in these magazines prominently featured Miyano USA's trade name and trademarks.

36. Miyano USA continues to maintain the "http://miyano-usa.com" domain name and website. Miyano USA's website displays the stylized MIYANO trademark and the Triangle Winged M mark. The website shows products, news, some company history, and other information. Customers may order parts for Miyano machines via Miyano USA's website, at "http://parts.miyano-usa.com/." A true and correct copy of Miyano USA's initial page at "http://miyano-usa.com" as of January 20, 2008 accompanies this declaration as Exhibit L.

Trade Shows

37. Trade shows represent important advertising opportunities for Miyano USA, and are primary mechanisms that we use for promoting the “Miyano” brand. Since 1975, Miyano USA has regularly attended and participated in industry trade shows within the United States.

38. The trade shows that Miyano USA regularly attends include the INTERNATIONAL MANUFACTURING TECHNOLOGY SHOW (“IMTS”), WESTEC (Annual Metalworking & Manufacturing Exposition and Conference), EASTEC (Advanced Productivity Exposition), and the PRECISION MACHINING TECHNOLOGY SHOW (“PMTS”). These trade shows are attended by customers and other leading machine tool manufacturers.

39. At these trade shows, Miyano USA sponsors booths and provides brochures on which Miyano USA’s trade name and trademarks are prominently featured. Miyano USA also provides product demonstrations of its latest machine tools. Miyano USA also hands out white folders displaying the Triangle Winged M mark, such as the folder shown in Exhibit J. The white folders handed to attendees contain brochures, flyers, or other information regarding Miyano USA’s current products.

40. Between 1997 and 2006, Miyano USA spent on average \$198,000 per year on promoting its name and goodwill through attending trade shows and advertising. In the last three years, Miyano USA spent over \$425,000 attending various trade shows (excluding the cost of attending the 2006 IMTS).

41. Miyano USA has regularly attended the INTERNATIONAL MANUFACTURING TECHNOLOGY SHOW (“IMTS”) since 1976. This show is one of the largest and most important trade shows in the industry. This trade show is host to thousands of exhibitors and tens-of-

thousands of attendees. This show is held every two years in September at the McCormick Place in Chicago.

42. At the INTERNATIONAL MANUFACTURING TECHNOLOGY SHOWS, Miyano USA typically sponsors a sizable booth to display its products. Miyano USA has personnel present to speak with attendees and to give product demonstrations. Miyano USA offers brochures and information regarding its products. Packets of information, consisting of white folders displaying the Triangle Winged M mark and brochures that are contained therein, are handed out to attendees of the show [Exhibit J]. Miyano USA also offers brochures specially designed for each show. A true and correct copy of the brochure prepared by Miyano USA's predecessor for the 1986 IMTS is attached to the declaration as Exhibit M. Miyano USA's booth, brochures, and machines at past INTERNATIONAL MANUFACTURING TECHNOLOGY SHOWS have prominently displayed Miyano USA's trade name and trademarks.

43. In 2006, Miyano USA spent approximately \$400,000 attending the IMTS. Miyano USA plans to spend \$450,000 in connection with attending the upcoming IMTS in September 2008.

44. Near the end of 2007, Miyano USA received the floor plan and exhibitor listing for the upcoming 2008 IMTS from the IMTS organizers. A true and correct copy of the exhibitor list and floor plan are attached to the declaration as Exhibit N and Exhibit O, respectively. The listings for Miyano USA and the defendants appear on page 12 of the exhibitor list [Exhibit N].

45. Miyano USA is gravely concerned that the defendants are attempting to steal Miyano USA's corporate identity and that the defendants will cause confusion among our customers at the upcoming IMTS and elsewhere.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 2-1-2008.

Henry Marchionne
Henry Marchionne

List of Exhibits

- Exhibit A. Application and declarations for the stylized MIYANO trademark
- Exhibit B. Application and declarations for the MIYANO LEADER IN WORLD PRECISION trademark.
- Exhibit C. Application and declarations for the non-stylized MIYANO trademark.
- Exhibit D. Copy of a check displaying the Triangle Winged M mark
- Exhibit E. Picture of a pink binder displaying the Triangle Winged M mark.
- Exhibit F. Picture of a blue polo shirt displaying the Triangle Winged M mark.
- Exhibit G. Picture of an envelope displaying the Triangle Winged M mark.
- Exhibit H. Picture of a red binder displaying the Triangle Winged M mark.
- Exhibit I. Copy of a packing slip.
- Exhibit J. Picture of a white folder displaying the Triangle Winged M mark.
- Exhibit K. Copy of a company invoice, prepared in connection with rebuilding services.
- Exhibit L. Copy of Miyano USA's initial web page at "<http://miyano-usa.com>" as of January 20, 2008.
- Exhibit M. Copy of the brochure prepared by Miyano USA for the 1986 IMTS.
- Exhibit N. Copy of the exhibitor list for the 2008 IMTS.
- Exhibit O. Copy of the floor plan for the 2008 IMTS.

CERTIFICATE OF SERVICE

The undersigned declares that he/she is over the age of 18 years, not a party to this action, and employed in the County of Cook, by Cook, Alex, McFarron, Manzo, Cummings & Mehler, Ltd., Attorneys at Law, 200 West Adams Street, Suite 2850, Chicago, Illinois 60606.

On the date listed below, I caused the filing of the foregoing **Declaration of Henry Marchionne** with all its attachments and exhibits. I caused the service of these aforementioned documents on the following individuals, as addressed below, by the means indicated, and on the date listed below:

Vernon W. Francissen
FRANCISSEN PATENT LAW, P.C.
53 W. Jackson Blvd., Suite 1320
Chicago, Illinois 60604
(312)294-9980 telephone
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____ (BY MAIL) by placing for collection and deposit in the United States mail true copies of the documents at Chicago, Illinois in a sealed envelope with postage thereon fully prepaid, to the Chicago, Illinois addressee(s) shown above at the address(es) shown above.

 X (BY HAND DELIVERY) I caused each such document to be personally delivered by hand to the Chicago, Illinois addressee(s) shown above.

____ (BY FACSIMILE) I caused each such document to be sent by facsimile to the addressee(s) shown above.

____ (BY OVERNIGHT COURIER) I caused this document to be sent by overnight courier for next day delivery, with all charges pre-paid, to the addressee(s) shown above at the address(es) shown above.

____ (BY ELECTRONIC MEANS) I caused this document to be electronically mailed (emailed) to the addressee(s) shown above.

____ (BY ELECTRONIC MEANS) I cause each such document to be sent by electronic means through the Electronic Court Filing system to the addressee(s) shown above, pursuant to LR 5.9.

Executed on February 1, 2008 at Chicago, Illinois.

Signed: s/ Edward D. Manzo